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Food Information Series
United States Department of Agriculture
Office of Information
Washington 25, D. C.

U.S. DEPARTMENT OF AGRICULTURE

April 24, 1944

No. 8

Subject: Farms for Security

Field Distribution: War Board members, Extension Editors, AAA Committeemen, BAE Analysts, OD Marketing Reports Chiefs, FCA, FSA, SCS Regional Information Chiefs, Postwar Planning list.

Suggested use: Background information for agricultural workers and for those doing educational work, including talks, discussions, articles and radio programs on the subject of the family-type farm in relation to land settlement by returning veterans.

How many people actually will want to farm in the post-war period will depend largely upon job opportunities in industry. But how about the soldiers, war workers or others who do go back to farming? Will they find the kind of life and the security they are looking for?

Whether soldiers, war workers or anybody else can make a go of farming depends on many things--particularly their farming experience or opportunity to learn good farming and management methods, adequate equipment and--basic to all other requirements--a piece of land that is good enough and large enough to constitute an economic farm unit. Few farmers can overcome the handicaps of unresponsive soil and too few acres.

What constitutes an economic unit? The requirements have been set up by the Farm Security Administration in carrying out provisions of the Bankhead-Jones Farm Tenant Act to help farm tenants become owners. This Act provides that "No loan shall be made for the acquisition of any farm unless it is of such size as the Secretary (of Agriculture) determines to be sufficient to constitute an efficient farm-management unit and to enable a diligent farm family to carry on successful farming ..." Thus the Act establishes a "floor" in that the unit must be an economic one, and a "ceiling" in that the farm is for one farm family only.

The following instructions guide FSA county committees and FSA personnel in approving farms selected by borrowers:

"Farms selected should not be larger than an average farm family can operate successfully without employing outside labor, except during brief peak load periods at planting or harvesting time. In individual cases, allowances may be made with respect to employing outside labor while children are too young to be of much assistance, or after they have grown up and left home. A farm on which a tenant family will be expected to reside and supplement the labor of the owner and his family or on which an average family would require hired help a considerable part of the time is not a family-type farm and shall not be approved."

A farm which is an economic unit, when valued at its long-time earning capacity on the basis of long-range average prices for farm products, will provide for five things:

(1) A good standard of living for an average farm family, (2) farm operating expenses, (3) depreciation, (4) payment of taxes and insurance, and (5) repayment of the loan, which includes funds for an adequate home and other farm buildings, over a period of 40 years at 3 percent interest.

These provisions apply to rented family-type farms, except that the farm's production would have to provide for the payment of rent, either in cash or shares, in addition to supplying a good living and money for operating expenses.

Within these limits, farms may vary greatly in actual acreage, depending on the soil type and the kind of farming suited to the land and the area. A typical family-type stock farm in the midwestern States would range in size from 80 to 160 acres. A family-type wheat farm in the Great Plains States would run from 320 to 640 acres. A cattle or sheep raising venture in the West would require larger acreages of grazing land. A typical upland cotton farm large enough to support a family would probably vary from 80 to 120 acres, with about half of it in cultivation. But 40 to 60 acres would be sufficient for a family-type cotton farm in the Mississippi Delta.

A common pitfall in trying to establish a family-type farm has been the attempt to adjust land area to suit the individual family's immediate labor supply. If established by such a yardstick, the farm may be too small or too large for the same family a few years later, or for the next family living on it. Adjustments can best be made, not by reducing or adding acreage, but by shifting from intensive to extensive farming, or vice versa. Further adjustments can be made by "hiring in" needed labor or "hiring out" surplus labor.

If family-type farms are desirable as the dominant pattern of American agriculture, we require a national policy not only to encourage them, but also to protect them. Once a family-type farm is established, there is no guarantee that it will remain one. When a man owns a farm, he may decide to sell part of it, or he may decide to buy more land. In either case, the farm would no longer remain a family-type farm. If the entire farm is sold at an inflated price, rather than at a price based on the farm's long-time earning capacity, the family buying it won't be able to make a satisfactory living while paying for it. The farm then ceases to be adequate for family-type operations.

Estimates of the number of economic family farms in the United States vary according to definition, and range all the way from about 20 percent to over 50 percent of the 6,000,000 farms. If determined according to the definition used by FSA, the number would probably be around 1,500,000 or 25 percent.

If there is to be an appreciable expansion of family-type farms, they will have to be established (1) by reclaiming land through irrigation, drainage and clearing projects or soil conservation measures, (2) by utilizing suitable land which is now held for military purposes, (3) by subdividing larger farms, (4) by combining uneconomic-size units, or (5) by clearing, draining or developing water supplies necessary to develop economic units out of many existing farms.

However additional family-type farms can be established--there is increasing agreement that it is unwise to crowd more families into a rural area than it can be made to support at an adequate level of living.